



U.S. GENERAL SERVICES ADMINISTRATION
Office of Governmentwide Policy

MAY 7 1999

CIVILIAN AGENCY ACQUISITION COUNCIL LETTER 99-1

MEMORANDUM FOR CIVILIAN AGENCIES OTHER THAN NASA

FROM:

Edward C. Loeb
EDWARD C. LOEB
CHAIRMAN
CIVILIAN AGENCY ACQUISITION COUNCIL (CAAC)

SUBJECT:

Class Deviation from the Federal Acquisition Regulation (FAR) 31.205-46(a)(2) Maximum Per Diem Rates under the Federal Travel Regulations (FTR)

On December 2, 1998, GSA's Office of Governmentwide Policy issued a final rule that made significant changes to the FTR's per diem computation. Significant changes include: (1) the new per diem rate extracts taxes from lodging rates. Taxes are now paid separately as a miscellaneous expense; (2) where needed, allows for more than one per diem rate within a county and (3) provides one new meal and incidental expense (M&IE) tier. The revised FTR per diem rates became effective January 1, 1999.

FAR 31.205-46(a)(2) limits the allowable cost for contractor employee lodging, meals, and incidental expenses to the maximum per diem rates in effect at the time of travel as contained in the FTR; the Joint Travel Regulation (JTR), or the Standard Regulations (Government Civilians, Foreign Areas), Section 925, "Maximum Travel Per Diem Allowances for Foreign Areas." The change in the FTR could result in contractors incurring a significant administrative burden and substantial cost in modifying their system to comply with the new rule. This change comes at the same time as the CAAC and the Defense Acquisition Regulations Council are again proposing a FAR change that would remove all the maximum per diem rate limitations at 31.205-46(a)(2).

1800 F Street, NW, Washington, DC 20405-0002

Accordingly, civilian agencies are encouraged to immediately authorize a class deviation in accordance with FAR 1.404(a) and 31.101 to deviate from the requirement of FAR 31.205-46(a)(2) to allow contractors the choice of either using the FTR rates and definitions in effect on December 31, 1998, or the FTR rates and definitions that took effect January 1, 1999. The class deviation shall remain in effect until December 31, 1999, or upon issuance of an appropriate FAR change, whichever occurs first. Enclosure 1 is a sample class deviation. This letter serves as evidence of consultation with and approval by the Chairperson of the Civilian Agency Acquisition Council, as provided in 1.404 and 31.101.

Enclosure

Enclosure 1

TO: Agency Head or Designee

Subject: Request for Class Deviation from FAR 31.205-46
(a) (2)

In accordance with Federal Acquisition Regulation (FAR) 1.404, your approval is requested to deviate from FAR 31.205-46(a) (2).

Effective January 1, 1999, the computation of Federal Travel Regulations maximum per diem rate limitations was significantly changed. The lodging taxes are now separated from the per diem rates and are now being paid separately as a miscellaneous expense. We have been advised that the change in the FTR could result in contractors incurring a significant administrative burden and substantial cost in modifying their system to comply with the new rule. At the same time, the Federal agencies are considering a FAR change to remove these maximum per diem rate limitations.

This class deviation will allow contractors the choice of either using the FTR rates and definitions in effect on December 31, 1998, or the FTR rates and definitions that took effect January 1, 1999. This class deviation does not permit contractors to choose between the different per diem rates on a case by case basis. Instead, the contractor must choose between the 1998 FTR definitions and rates or the 1999 definitions and rates for all pertinent contracts related travel. This class deviation shall remain in effect until December 31, 1999, or upon issuance of a pertinent FAR change, whichever occurs first. This request has been coordinated with the Chairperson of the Civilian Agency Acquisition Council.

APPROVED: (Agency Head or Designee)
Name, Title